

UNIVERSAL SERVICE - AFFORDABILITY IMPACT ON PUERTO RICO

- AFFORDABILITY OF SERVICE IS A PRESENT PROBLEM IN PUERTO RICO AND SHOULD BE ADDRESSED IN THE COMMISSION'S DECISION.
- THE FOLLOWING COMPARATIVE STATISTICS CLEARLY REFLECT THE AFFORDABILITY PROBLEM IN PUERTO RICO :

	1995	
	<u>P.R.</u>	<u>U.S.A.</u>
-ANNUAL PER CAPITA INCOME	\$7,374	\$14,754
-FAMILIES UNDER POVERTY LEVEL	46.5%	13.8%
-UNEMPLOYMENT RATE	12.5%	5.7%

UNIVERSAL SERVICE AFFORDABILITY

PRTC PROPOSAL

- **ADJUSTMENTS TO THE NATIONAL BENCHMARK FOR AFFORDABILITY SHOULD BE BASED ON THE STATE SERVICE PENETRATION RATE**

✓ **THE JOINT BOARD PROPERLY CONCLUDED THAT THE SERVICE PENETRATION RATE IS AN OBJECTIVE CRITERION FOR DETERMINING WHETHER RATES ARE AFFORDABLE IN A PARTICULAR AREA**

UNIVERSAL SERVICE AFFORDABILITY

PRTC PROPOSAL (CONT.)

- **THIS ADJUSTMENT WOULD BE APPLIED ONLY FOR THOSE CARRIERS PROVIDING SERVICE IN AREAS WHERE THE SERVICE PENETRATION RATE IS MORE THAN 5% BELOW THE NATIONAL AVERAGE**
- **THE ADJUSTMENT ITSELF WOULD BE BASED ON THE AVERAGE INCOME LEVEL FOR THE STATE AS COMPARED TO THE NATIONAL AVERAGE**
- **THE ADJUSTMENT WOULD BE APPLIED WHETHER THE CARRIER'S UNIVERSAL SUPPORT IS BASED ON PROXY MODEL COSTS OR EMBEDDED COSTS**

PUERTO RICO TELEPHONE COMPANY

INTERSTATE SUPPORT

1995

	AMOUNT
1. LONG TERM SUPPORT - 1995	\$59,447,949
2. USF - 1995 DATA	\$27,014,415
3. TOTAL SUPPORT (LN1 + LN2)	\$86,462,364
4. ESTIMATED CONTRIBUTION UNDER NEW USF ("NUSF")	\$27,370,793
5. "MAKE WHOLE" FUNDING REQUIREMENT UNDER NEW USF (LN3 + LN4)	\$113,833,157
6. PRTC RESIDENCE ACCESS LINES	854,520
7. PRTC SINGLE LINE BUSINESS	111,931
8. TOTAL PRTC LINES ELIGIBLE FOR NUSF (LN6 + LN7)	966,451
9. NUSF FUNDING REQUIREMENT (LN5 / LN8)	\$9.82
10. MAXIMUM FEDERAL LIFELINE SUPPORT	\$7.00
11. NUMBER OF ELIGIBLE FAMILIES (POTENTIAL)	889,998
12. PENETRATION RATE	74.00%
13. % OF FAMILIES BELOW POVERTY LEVEL	46.5%
14. ELIGIBLE FAMILIES CURRENTLY WITH TELEPHONE SERVICE (LN13 - (1 - LN12) x LN11)	182,450
15. SUPPORT FROM LIFELINE (LN10 x LN14 x 12)	\$15,325,800
16. REMAINING USF REQUIREMENT (LN5 - LN15)	\$98,507,357
17. NUSF FUNDING REQUIREMENT EXCLUDING LIFELINE (LN16 / LN8)	\$8.49